

820 KAR 1:057. Accurate records.

RELATES TO: KRS 238.550(5), 238.560(2)

STATUTORY AUTHORITY: KRS 238.515(4), (9), 238.550(3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 238.515(4) and 238.550(5) authorize the department to establish and enforce standards for accounting, recordkeeping, and reporting to the department to ensure charitable gaming receipts are counted and reported. This administrative regulation establishes the minimum requirements for accurate records.

Section 1. Bank Account and Records. (1) A licensed charitable gaming organization shall maintain a single bank account for charitable gaming receipts. This account shall be separate from any other account maintained by the organization.

(2) Disbursements for charitable gaming expenses and charitable donations shall be made by check or electronic fund transfer directly from the charitable gaming account.

(3) All receipts from each gaming occasion shall be deposited by the second business day following the occasion at which they were received. The deposit for each occasion shall be made separately and shall not be combined with the deposit from any other occasion.

(4) All types of deposits, including startup cash, bad checks collected and check collection fees, progressive game carry forward, and adjusted gross receipts, shall be listed separately on the deposit reconciliation sheet, and the deposit slip, if possible. Each individual check shall be listed separately on the deposit slip. If a register tape is run listing the amounts of the individual checks, it may be attached to the deposit slip. Total cash and coins shall be listed separately. The organization shall keep a copy of the deposit slip.

(5) Checks that have been returned for insufficient funds that have not been collected shall be retained by the organization for three (3) years following the close of the calendar year in which the check was issued. If the check has been turned over to someone else for collection, the organization shall keep a copy of the check with information regarding the person collecting the check.

(6) Monthly bank statements and reconciliations for all accounts shall be maintained for three (3) years following the close of a calendar year.

(7) Copies of the fronts and backs of checks from any account into which charitable gaming funds are deposited or transferred shall be provided to the department upon request.

(8) Gross receipts shall include the money received from the sale of raffle tickets, bingo cards or faces, pickle jars, bonanza balls, or hot balls, card-minding devices, pulltabs, electronic pulltab devices and electronic pulltabs, charity fundraising event games, special limited charity fundraising event games, bad check collections, credit card fees and reasonable check collection fees minus bad checks.

Section 2. Start-up Cash. (1) If the source of start-up cash is not the charitable gaming account, the source of the start-up cash shall be identified on the gaming occasion sheet and signed by the chairperson.

(2) Start-up cash from one (1) organization shall not be commingled with the start-up cash from another organization. The start-up cash shall be identified on the check withdrawing the funds and on the deposit slip, if possible.

Section 3. Organization Records. (1) The chief financial officer shall be the custodian of the gaming records and shall be responsible for ensuring that the records are accurate, complete, and maintained regularly for inspection by the department.

(2) An organization that hand-writes data and later enters the information onto another form

or computer program shall retain the hand-written records along with the other form or computer generated record.

(3) Organizations shall prepare and maintain accurate and adequate corporate or other organizational records including articles of incorporation, minutes of board of directors meetings, and resolutions.

(4) Organizations shall maintain detailed records of all expenditures made in furtherance of its charitable purpose, including all charitable contributions.

(5) All records shall be made available for inspection and audit at the request of the department.

(6) Any organization's records, or copies of those records, deemed necessary to complete an inspection, audit, or investigation may be retained by the department or its employees or agents. The department shall provide a written receipt of the records at the time of removal.

(7) Organizations shall provide records requested by the department, or any of its employees, within ten (10) calendar days, unless a longer response time is allowed by the request.

(8) An organization shall perform an inventory and obtain permission of the department before destroying a bulk amount of gaming supplies. The gaming supplies shall be destroyed by burning in compliance with state and federal law, shredding, destroying or defacing in some manner to prevent reuse of any pulltab, flare, prize board, seal card, bingo paper or any portion thereof. An organization may also donate gaming supplies to the department for demonstration and training purposes if the department so requests.

(9) When an organization ceases to game, the organization shall:

(a) Perform a final inventory;

(b)1. Return all unused product to a distributor;

2. Donate the product to another organization with the permission of the department or, if another organization does not want the gaming supplies, they may be donated to the department, upon request, for training and demonstration purposes; or

3. Destroy the product with the permission of the department; and

(c) Spend or disburse the charitable gaming funds consistent with its charitable purpose. (32 Ky.R. 819; 1294; 1656; eff. 3-31-2006; 33 Ky.R. 3530; 34 Ky.R. 70; 266; eff. 8-31-2007; 42 Ky.R. 952; 1776; eff. 1-4-2016.)